

(g) By WAXS if the Board of Directors of STAR, prior to the Required STAR Vote, shall make an Adverse Change in the STAR Recommendation (other than in connection with STAR's termination of this Agreement pursuant to Section 7.1(b)) or approve or recommend a Superior Proposal pursuant to Section 5.4 or shall resolve to take any such actions;

(h) By STAR, at any time prior to the Required STAR Vote upon three (3) business days' prior notice to WAXS, if its Board of Directors shall have determined as of the date of such notice that an Acquisition Proposal is a Superior Proposal; provided, however, that (i) STAR shall have complied with Section 5.4, (ii) prior to such termination, STAR shall, if requested by WAXS in connection with a revised proposal by it, negotiate in good faith for such three (3) business day period with WAXS and (iii) the Board of Directors of STAR shall have concluded in good faith, as of the effective date of such termination, after taking into account any revised proposal by WAXS during such three (3) business day period, that an Acquisition Proposal is a Superior Proposal; and provided, further, that it shall be a condition to termination by STAR pursuant to this Section 7.1(h) that STAR shall have made the payment of the fee to WAXS pursuant to Section 7.2(b); _

(i) By WAXS, if (X) either STAR or any of its material Subsidiaries (1) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (2) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of STAR or any of its Subsidiaries or for all or a material portion of the property or assets of STAR or any of its Subsidiaries or (3) effects any general assignment for the benefit of creditors or (Y) a Governmental Entity having jurisdiction enters a decree or order for (a) relief in respect of STAR or any of its material Subsidiaries in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (b) appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of STAR or any of its Subsidiaries or for all or a material portion of the property and assets of STAR or any of its Subsidiaries or (c) the winding up or liquidation of the affairs of STAR or any of its material Subsidiaries and, in each case, such decree or order shall remain unstayed and in effect for a period of 30 consecutive days; or

(j) By WAXS if there has been an Event of Default under the Credit Agreement, of even date herewith, between WAXS and STAR.

7.2 Effect of Termination.

(a) In the event of any termination of this Agreement by either STAR or WAXS, as provided in Section 7.1, this Agreement shall forthwith become void and there shall be no liability or obligation on the part of WAXS or STAR or their respective officers or directors except with respect to Section 3.1(m), Section 3.2(l), the second sentence of Section 5.2, Section 5.5, Section 5.6, this Section 7.2, and Article VIII, which provisions shall survive such termination and except that, notwithstanding anything to the contrary contained in this Agreement, neither WAXS nor STAR

shall be relieved or released from any liabilities or damages arising out of its breach of this Agreement:

(b) If this Agreement is terminated by STAR pursuant to Section 7.1(h), STAR shall, prior to such termination, pay to WAXS \$14,000,000 in immediately available funds (the "Termination Fee");

(c) If this Agreement is terminated by WAXS pursuant to Section 7.1(g), STAR shall, within three (3) days following such termination, pay to WAXS the Termination Fee; and

(d) If this Agreement is terminated by WAXS or STAR pursuant to Section 7.1(f) because STAR's stockholders have failed to adopt this Agreement by the Required Star Vote and STAR enters into a definitive agreement with respect to a Business Combination within twelve (12) months following such termination, then STAR shall pay to WAXS the Termination Fee prior to or at the consummation thereof.

7.3 Amendment. This Agreement may be amended by STAR and WAXS, by action taken or authorized by their respective Boards of Directors or representatives or authorized officers, at any time before or after approval of the matters presented in connection with the Merger by the stockholders of STAR and WAXS (including, without limitation, an amendment as described in Section 6.2(h)), but, after any such approval, no amendment shall be made which by law or in accordance with the rules of any relevant stock exchange or automatic quotations system requires further approval by such stockholders without such further approval. This Agreement may not be amended except by an instrument in writing signed on behalf of each of STAR and WAXS.

7.4 Extension, Waiver. At any time prior to the Effective Time, the parties hereto, by action taken or authorized by their respective Boards of Directors, representatives or authorized officers, may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (iii) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of those rights.

ARTICLE VIII

GENERAL PROVISIONS

8.1 Non-Survival of Representations, Warranties and Agreements. None of the representations, warranties, covenants and other agreements in this Agreement or in any instrument delivered pursuant to this Agreement including any rights arising out of any breach of such representations, warranties, covenants and other agreements, shall survive the Effective Time, except for those covenants and agreements contained herein and therein that by their terms apply or are to be performed in whole or in part after the Effective Time and this Article VIII.

8.2 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or by telecopy or facsimile, upon confirmation of receipt, (b) on the first business day following the date of dispatch if delivered by a recognized next day courier service, or (c) on the tenth business day following the date of mailing if delivered by registered or certified mail return receipt requested, postage prepaid. All notices hereunder shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:

- (a) If to WAXS or Merger Sub, to:

World Access, Inc.
Resurgens Plaza, Suite 2210
945 East Paces Ferry Road
Atlanta, Georgia 30326
Facsimile No.: (404) 233-2280
Attention: John D. Phillips

with a copy to

Long Aldridge & Norman LLP
303 Peachtree Street, Suite 5300
Atlanta, Georgia 30308
Facsimile No.: (404) 527-4198
Attention: H. Franklin Layson

(b) If to STAR to:

STAR Telecommunications, Inc.
223 East De La Guerra
Santa Barbara, California 93101
Facsimile No.: (805) 884-1137
Attention: Christopher E. Edgecomb

with a copy to

Riordan & McKinzie
Twenty-Ninth Floor
300 South Grand Avenue
Los Angeles, California 90071
Facsimile No.: (213) 229-8550
Attention: Richard J. Welch

8.3 Interpretation. When a reference is made in this Agreement to Sections, Exhibits, the WAXS Disclosure Schedule or the STAR Disclosure Schedule, such reference shall be to a Section of or Exhibit or schedule to this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation". All Exhibits, the WAXS Disclosure Schedule and the STAR Disclosure Schedule are incorporated herein and made a part hereof.

8.4 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that both parties need not sign the same counterpart.

8.5 Entire Agreement; No Third Party Beneficiaries.

(a) This Agreement and the Confidentiality Agreement constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, including, without limitation, that certain Letter of Intent, dated December 17, 1999, between WAXS and STAR, among the parties with respect to the subject matter hereof.

(b) This Agreement shall be binding upon and inure solely to the benefit of each party hereto, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, except as provided for in Section 5.12.

8.6 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware (without giving effect to choice of law principles thereof).

8.7 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the actions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

8.8 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto, in whole or in part (whether by operation of law or otherwise), without the prior written consent of the other parties, and any attempt to make any such assignment without such consent shall be null and void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

8.9 Submission to Jurisdiction; Waivers. Each of WAXS and STAR irrevocably agrees that any legal action or proceeding with respect to this Agreement or for recognition and enforcement of any judgment in respect hereof brought by the other party hereto or its successors or assigns may be brought and determined in the Chancery or other Courts of the State of Delaware, and each of WAXS and STAR hereby irrevocably submits with regard to any such action or proceeding for itself and in respect to its property, generally and unconditionally, to the nonexclusive jurisdiction of the aforesaid courts. Each of WAXS and STAR hereby irrevocably waives, and agrees not to assert, by way of motion, as a defense, counterclaim or otherwise, in any action or proceeding with respect to this Agreement, (i) any right to trial by jury with respect to any action, suit or proceeding arising out of or relating to this Agreement, the Merger or any other transaction contemplated hereby, (ii) any claim that it is not personally subject to the jurisdiction of the above named courts for any reason other than the failure to lawfully serve process, (iii) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise), and (iv) to the fullest extent permitted by applicable law, that (a) the suit, action or proceeding in any such court is brought in an inconvenient forum, (b) the venue of such suit, action or proceeding is improper and (c) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

8.10 Enforcement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms. It is accordingly agreed that the parties shall be entitled to specific performance of the terms hereof, this being in addition to any other remedy to which they are entitled at law or in equity.

8.11 Headings. The headings contained in this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

8.12 Definitions. As used in this Agreement:

(a) "beneficial ownership" or "beneficially own" shall have the meaning under Section 13(d) of the Exchange Act and the rules and regulations thereunder.

(b) "Board of Directors" means the Board of Directors of any specified Person and any committees thereof.

(c) "Business Combination" means (i) a merger, reorganization, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution or similar transaction involving a party as a result of which either (A) such party's stockholders prior to such transaction (by virtue of their ownership of such party's shares) in the aggregate cease to own at least 65% of the voting securities of the entity surviving or resulting from such transaction (or the ultimate parent entity thereof) or, regardless of the percentage of voting securities held by such stockholders, if any Person shall beneficially own, directly or indirectly, at least 20% of the voting securities of such ultimate parent entity, or (B) the individuals comprising the board of directors of such party prior to such transaction do not constitute a majority of the board of directors of such ultimate parent entity, (ii) a sale, lease, exchange, transfer or other disposition of at least 50% of the assets of such party and its Subsidiaries, taken as whole, in a single transaction or a series of related transactions, or (iii) the acquisition, directly or indirectly, by a Person of beneficial ownership of 20% or more of the common stock of such party whether by merger, consolidation, share exchange, business combination, tender or exchange offer or otherwise.

(d) "Dissenters' Shares" means shares of STAR Common Stock for which dissenter's rights of appraisal have been exercised pursuant to the DGCL.

(e) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(f) "GAAP" means United States generally accepted accounting principles.

(g) "Known" or "Knowledge" means, with respect to any party, the knowledge of such party's executive officers after reasonable inquiry.

(h) "Material Adverse Effect" means, with respect to any entity, any change, circumstance or effect or any breach of the provisions of this Agreement that, individually or in the aggregate with all other changes, circumstances and effects or breaches, is or would reasonably be expected to be materially adverse to (i) the business, financial condition or results of operations of such entity and its Subsidiaries taken as a whole, or (ii) the ability of such entity (or the party owning such entity) to consummate the transactions contemplated by this Agreement.

(i) "Nasdaq" means the National Market System of the NASDAQ Stock Market.

(j) "Net PT-1 Proceeds" means the cash proceeds received by STAR at the consummation of the PT-1 Sale, net of all Taxes, fees, expenses and costs incurred in connection with the PT-1 Sale, including, without limitation:

- (1) fees or expenses for investment banking or other financial services;
- (2) agency, brokerage, finder's or other similar fees or commissions;
- (3) legal, accounting, consulting or other professional fees or expenses;
- (4) the cost of any remedial or corrective actions or measures;
- (5) the costs associated with the transfer or termination of any PT-1 employees; or
- (6) the costs of any right or obligation the vesting of which is accelerated by the PT-1 Sale.

(k) "Person" means an individual, corporation, limited liability company, partnership, association, trust, unincorporated organization, other entity or group (as defined in the Exchange Act).

(l) "Pre-Closing Price" means the closing price of WAXS Common Stock as reported on the Nasdaq for the trading day (in which such shares are traded on the Nasdaq) ending at the close of trading on the second (2nd) trading day preceding the Closing.

(m) "PT-1 Excess Proceeds" means the Net PT-1 Proceeds in excess of \$150,000,000.

(n) "SEC" means the Securities and Exchange Commission.

(o) "Securities Act" means the Securities Act of 1933, as amended.

(p) "Subsidiary", when used with respect to any party means any corporation or other organization, whether incorporated or unincorporated, (i) of which such party or any other Subsidiary of such party is a general partner (excluding partnerships, the general partnership interests of which held by such party or any Subsidiary of such party do not have a majority of the voting interests in such partnership) or (ii) at least a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the Board of Directors or others performing similar functions with respect to such corporation or other organization is directly or

indirectly owned or controlled by such party or by any one or more of its Subsidiaries, or by such party and one or more of its Subsidiaries.

(q) "Superior Proposal" means a written proposal made by a Person unaffiliated with STAR which is for (I) (i) a merger, reorganization, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution or similar transaction involving STAR as a result of which either (A) STAR's stockholders prior to such action (by virtue of their ownership of STAR's shares) in the aggregate cease to own at least 50% of the voting securities of the entity surviving or resulting from such transaction (or the ultimate parent entity thereof) or (B) the individuals comprising the board of directors of STAR prior to such transaction do not constitute a majority of the board of directors of such ultimate parent entity, (ii) a sale, lease, exchange, transfer or other disposition of at least 50% of the assets of STAR and its Subsidiaries, taken as a whole, in a single transaction or a series of related transactions, or (iii) the acquisition, directly or indirectly, by a Person of beneficial ownership of 50% or more of the common stock of STAR whether by merger, consolidation, share exchange, business combination, tender or exchange offer or otherwise, and which is (II) otherwise on terms which the Board of Directors of STAR in good faith concludes (after consultation with its financial advisors and outside legal counsel), taking into account among other things, all legal, financial, regulatory and other aspects of the proposal and the Person making the proposal, (i) would, if consummated, result in a transaction that is more favorable to its stockholders (in their capacities as stockholders), from a financial point of view, than the transactions contemplated by this Agreement and (ii) is reasonably capable of being completed.

(r) "Tax" (and, with correlative meaning, "Taxes" shall mean: (i) all taxes, charges, fees, levies or other assessments, however denominated, including any interest, penalties or other additions to tax that may become payable in respect thereof, imposed by any federal, territorial, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and state income taxes), payroll and employee withholding taxes, unemployment insurance, social security taxes, sales and use taxes, ad valorem taxes, excise taxes, employer tax, estimated, severance, telecommunications, occupation, goods and services, capital, profits, value added taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation, Pension Benefit Guaranty Corporation premiums and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which the Person is required to pay, withhold or collect; and (ii) any liability for the payment of any amounts described in clause (i) as a result of being a successor to or transferee of any individual or entity or a member of an affiliated, consolidated or unitary group for any period

(including pursuant to Treas. Reg. § 1.1502-6 or comparable provisions of state, local or foreign tax law); and (iii) any liability for the payment of amounts described in clause (i) or clause (ii) as a result of any express or implied obligation to indemnify any Person or as a result of any obligations under agreements or arrangements with any Person.

(s) "Tax Asset" means any net operating loss, net capital loss, investment tax credit, foreign tax credit, charitable deduction or any other credit or tax attribute which could reduce Taxes (including, without limitation, credits related to alternative minimum Taxes).

(t) "Tax Return" shall mean all reports, estimates, declarations of estimated tax, information statements and returns (including any attached schedules) or similar statement relating to, or required to be filed in connection with, any Taxes, including information returns or reports with respect to backup withholding and other payments to third parties.

(u) "Tax Sharing Agreement" shall mean any and all existing Tax sharing agreements, or arrangements written or unwritten, express or implied, binding two or more Persons with respect to the payment of Taxes, including any agreements or arrangements which afford any other Person the right to receive any payment from one or more other Persons in respect to any Taxes or the benefit of any Tax Asset of one or more other Persons or require or permit the transfer or assignment of any income, revenue, receipts or gains.

[Signatures appear on following page]

IN WITNESS WHEREOF, WAXS, Merger Sub and STAR have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first above written.

WAXS:

WORLD ACCESS, INC.

By: 

Name:

John D. Phillips

Title:

Chairman and Chief Executive Officer

STAR:

STAR TELECOMMUNICATIONS, INC.

By: _____

Name:

Title:

MERGER SUB:

STI MERGER CO.

By: _____

Name:

W. Tod Chmar

Title:

President

IN WITNESS WHEREOF, WAXS, Merger Sub and STAR have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first above written.

WAXS:

WORLD ACCESS, INC.

By: _____

Name: John D. Phillips

Title: Chairman and Chief Executive Officer

STAR:

STAR TELECOMMUNICATIONS, INC.

By: _____

Name:

Title:

MERGER SUB:

STI MERGER CO.

By: _____

Name: W. Tod Chmar

Title: President

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EXECUTIVE OFFICE

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